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No. 03-612

Supreme Court, U.S.
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In The

# Supreme Court of the United States

INTERNATIONAL BANCORP, LLC,
INTERNATIONAL SERVICES, INCORPORATED,
INTERNATIONAL LOTTERIES, LLC,
LAS VEGAS SPORTSBOOK AND
BRITANNIA FINANCE CORPORATION,

*Petitioners,*

v.

SOCIETE DES BAINS DE MER ET DU
CERCLE DES ETRANGERS A MONACO,

*Respondent.*

**On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Fourth Circuit**

## REPLY TO BRIEF IN OPPOSITION

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## REPLY BRIEF FOR PETITIONERS

Pursuant to Supreme Court Rule 15.6, petitioner addresses the following new points raised in the respondent's Brief in Opposition. As seen herein, the legal issues raised by this petition were either well established prior to the panel majority's decision, or, have been left in a complete state of disarray with no apparent support from other circuits.

### (1) The Factual Record is Clear.

Respondent attempts to mislead this Court into believing that the factual record is not clear when in fact it is crystalline with respect to the relevant facts. Respondent attempts to mislead by adding false facts which are not in the record and by now challenging facts which were never in dispute. While there are far too many illusory statements to be herein, petitioner points out a few significant ones which clearly show that it is the respondent's intent to deceive this Honorable Court.

Respondent falsely claims its clients could access the Casino in Monte Carlo, Monaco online and make reservations. Opposition at 5. The panel majority specifically found the contrary.[1] Additionally respondent admitted that it did not provide gaming services over the internet or in

[1] As became evident at oral argument and upon our review of the record, SBM's assertion that the record contains evidence that its New York office booked reservations to the casino is unsubstantiated. (App., 9a).

the U.S.[2] at the time of this dispute.[3] Respondent claims there is no evidence in the record that it has " . . . permitted perhaps hundreds of others to use "Casino de Monte Carlo" in various forms without repercussions. Opposition at 6. Respondent however stipulated that it knew of such uses and never took any action until January of 2000. (Appeal J.A. at 931 ¶¶10, 11, 93). Neither has respondent denied its stipulation to the admissibility of the Thomson and Thomson trademark search which consisted of 336 pages of trademark uses by others for "Monte Carlo" and "Monaco" used in relation to gaming.

**(2) The Decision Below Conflicts with the Supreme Court Decision in *United Drug Co. v. Theodore Rectanus, Co.*, 248 U.S. 90 (1918).**

Petitioners have argued that the decision of the panel majority conflicts with the implicit holdings of this Court in *United Drug Co. v. Theodore Rectanus*, Co., 248 U.S. 90 (1918) and followed in *Ingenohl v. Olsen & Co.*, 273 U.S. 541, 544 (1927) and *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 416-17 (1916). The cases stands for the proposition that the mark follows the trade geographically and where there is no trade there is no mark. Respondent does not take direct issue with this proposition but simply suggests without rationale or reference to case law that because these are pre-Lanham Act cases that they no

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[2] Respondent claims it is undisputed that its use of the mark in the U.S. predates that of petitioner but at the same time apparently understands that the legal definition of "use" is at issue here, and is thus cognizant that there is a dispute as to "use".

[3] See Appeal Joint Appendix at p. 931 ¶7.

longer apply. Respondent's claim is belied by the fact that this Court has cited these cases as recently as 1988. *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988). Noticeably absent form repondent's opposition is any reference to case law which has held that the geographic scope of a service mark is different than for a trademark, as respondent attempts to argue. These Supreme Court cases stand for the proposition that marks cannot be separated from geography and no court has ever held to the contrary until now.

**(3) The Decision Below Creates A Well Defined And Fundamentally Important Conflict Between The Fourth Circuit And The Federal And Second Circuits.**

Both the Federal and the Second Circuits have examined "use in commerce" and found contrary to the decision of the panel majority. The panel majority removes the long held connection between geography and mark rights and implicitly asserts the contrary notion that it is the situs of the consumer, not where the service is rendered, which controls the scope of the marks.

Respondent's opposition is devoid of a single case which has awarded a U.S. service mark to a foreigner where the service at issue was not rendered in the U.S. Even a cursory examination of the cases relied on by petitioner and extensively analyzed by Judge Motz in her dissent, show that rendering of services outside the U.S. has never been considered "use in commerce" to support the creation of mark rights. Respondent must understand that the result of the panel majority is the first case to do so, and it conflicts on its face with the precedent cited by petitioners. This becomes clear when one considers that

respondent failed to explain why Americans traveling to Canada[4] for a haircut, in response to advertising in the U.S., is somehow distinguishable from Americans traveling to Monaco for gambling in response to advertising in the U.S. If there is no distinction then the split among circuits cannot be denied.

### (4) The Fourth Circuit's Presumption Based Upon An Inference Of Copying A Descriptive Term Is Directly At Conflict With Secondary Meaning Analysis Employed In The Seventh, Ninth And Eleventh Circuits.

Respondents argue that other circuits are in accord with the Fourth Circuit holding as set forth above yet cite to an array of cases that clearly handle the issues quite differently. It is this lack of consistency which necessitates review. Noticeably respondent does not even reply to the dangers of providing trademark remedies where no mark really exists, implicitly admitting the need for review.

Respondent argues that the presumption used in the Fourth Circuit is not really based upon a mere inference but this is precisely what the District court based it upon. The Court stated that [w]hile there is no direct evidence of intentional copying, inferring the intent of the plaintiff companies is proper ... In these circumstances, the inference of intentional copying is too compelling to deny and the secondary meaning of the mark "Casino de Monte Carlo" is properly presumed. (App., 103a-104a).

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[4] *Rivard v. Linville*, 133 F.3d 1446 (Fed. Cir. 1998), aff'g, 41 U.S.P.Q.2d 1731 (TTAB 1997)

The Fourth Circuit is the only circuit to apply a presumption of secondary meaning to descriptive word marks and to trade dress cases. Petitioners asserted that the presumption has been applied to trade dress only, in the Sixth Circuit, citing *Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991). Respondent cites *Ferrari* but states without analysis that it is in "accord" with the Fourth Circuit. *Ferrari* was however a trade dress case seeking trademark protection in the exterior shape and appearance of two of its automobiles. Respondent also found *Degidio v. West Group Corp.*, 191 F. Supp. 2d 904 (N.D. Ohio 2002) compelling. In *Degidio*, however, the court flatly refused to implement the presumption stating " . . . proof of intentional copying alone is not sufficient to establish secondary meaning. . . . *Id.* at 917. Respondent's reference to the Tenth Circuit case *Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268 (10th Cir. 1988) is also misguided because it too is a trade dress case thus supporting petitioners' argument.

Petitioners argued that the Second Circuit does not apply a presumption *in any case* and respondent does not dispute this allegation thus confirming a clear split. Likewise Seventh Circuit does not employ any presumption of secondary meaning but considers intentional copying as merely one piece of probative evidence of secondary meaning. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1183 (7th Cir. 1989). Respondent did not deny that this is a different treatment than the one employed in the Fourth Circuit and thus confirm the split with the Seventh Circuit.

In perhaps its most hypocritical attempt to mislead this Court, respondent denies there is a split between the Fourth and Eleventh Circuits despite that Court's statement that it refuses to apply a presumption in these cases.

See *Brooks Shoe Manufacturing Co., Inc. v. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983). The Eleventh Circuit directly rejected the Fourth Circuit presumption despite respondent's false claims to the contrary.

Petitioner also argued that the Ninth Circuit, upon which the Fourth Circuit relied for its adoption of the presumption, has reversed its position and now directly rejects the use of a presumption for secondary meaning. *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 844 (9th Cir. 1987). Respondent again does not deny the clear split from the Fourth Circuit but claims the Ninth Circuit may in some circumstances allow an "inference" of secondary meaning. An inference is however quite different than a presumption as it does not shift the burden of production. See *Virginia v. Black*, 123 S. Ct. 1536, 1566-1567 (2003). The Fourth Circuit analysis of secondary meaning thus reveals a clear split with the Seventh, Ninth and Eleventh Circuits hence, the issue is currently ripe for review.

**(5) The Fourth Circuit's Interpretation Of The Lanham Act's Operative Language "Use In Commerce" Frustrates The Predictable Acquisition Of Trademark Rights On A Territorial Basis Worldwide.**

The respondent does not appear to dispute the argument that the Fourth Circuit's ruling would " ... threaten(s) to wreak havoc over this country's trademark law and would have a stifling effect on United States commercial interests generally". (App., 56a). Respondent simply did not address the fact that the result of the decision below would disable trademark practitioners from

determining if a mark is available because of the world-wide nature of the rights granted in the decision below.

**(6) The Fourth Circuit's Rule That "Copying" Creates A Presumption That A Non-Distinctive Mark Has "Secondary Meaning" Confers Exclusionary Rights In Descriptive And Generic Words.**

Respondent does not deny that descriptive marks, when found to exist, are weak marks, and generic terms should never be granted trademark status. The Fourth Circuit's judicially created presumption is not appropriate for secondary meaning of descriptive word marks because it runs the risk of creating marks where none really exist. Lanham Act protection is reserved for trademarks not as a remedy where one party cannot prove the negative of a trademark as employed in this case.

Judge Motz pointed out the District Court erred in its consideration of petitioners' " . . . extensive evidence rebutting the presumption of secondary meaning." (App., 71a). Additionally she found the court erred by considering evidence of third party uses to be "plagerism" instead of considering it for the proper purpose of finding it contra to secondary meaning. The district court also "ignored" evidence of respondent's failure to police its mark. (App., 72a). These were errors of law, not of weighing the evidence. They go to relevancy of the evidence not the probative value. The panel majority refused to review the issue on appeal.

Respondent agrees that after the presentation of some evidence contra secondary meaning that the presumption should have vanished. Respondent does not address the

fact that the evidence was ignored or mis-classified but simply claims it was an error in weighing the evidence. The weight of the evidence is however irrelevant to bursting a presumption. If petitioners presented any relevant evidence the presumption should have vanished.

Respondent's arguments in this section simply prove the fact that review is necessary to establish that contrary to the Fourth Circuits ruling, evidence of widespread use by third parties, the failure of respondent to ever police its mark, generic use by respondent of their alleged mark, respondent's pending ITU application, and evidence of legitimate rights by others to use the mark in other countries is all evidence contra secondary meaning any of which was sufficient to burst the presumption at issue.

**(7) Overbroad Interpretation Of "Use In Commerce" And "Secondary Meaning" Will Lead To Overbroad Remedies.**

Respondent does not reply in substance to any of the arguments set forth by petitioners in this section. Instead respondent concludes, without analysis or argument that the injunction was proper according to the Fourth Circuit and under 15 U.S.C. 1125(d)(1) so it therefore must not be overbroad (p.27). If such arguments were persuasive then there would be no Supreme Court review of any case because they all arise from some previous court's opinion that it applied the law properly.[5]

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[5] The only statements which could be considered argument are also misguided. Respondent suggests without basis that the .com, .net, and .org domain names are somehow "American" (Opposition p.27). In

(Continued on following page)

Respondent's refusal to comment on the world-wide impact of the injunction at issue is quite telling as there could be no rational response. An order that restricts foreign businesses from engaging in business wholly outside the U.S., employing their lawful trade name in business strictly with foreigners is patently overbroad. This was the point of the court in *Sterling Drug v. Bayer AG*, 14 F.3d 733 (2d Cir. 1994). While respondent agrees that it was improper to restrict foreign corporations from use of the mark "Bayer" outside the U.S., it supports the present injunction which prevents the use of "casino monte carlo" in the Netherlands Antilles or anywhere else on the globe. If this Court continues its long-standing position that trademarks are territorial then the remedies used to enforce trademark rights must have territorial limitations, and the need for review is obvious.

## CONCLUSION

Respondents do not seriously take issue with the split of authority on use in commerce issue or the varying treatment across circuits with respect to presumptions of secondary meaning. The result of the Fourth Circuit analysis caused it to bias its treatment of likelihood of confusion, the scope of the injunction, and error with respect to its legal conclusions as to what evidence it considered relevant to burst the presumption. Only this Supreme Court can authoritatively face and resolve, once

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reality they are used and accessible worldwide as evidenced by the fact that the parties in this case are primarily foreign.

and for all, the quandary that has been created by the issues referenced herein. Accordingly, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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